Mayor's Infrastructure Financing Committee
Comments, Suggestions and Questions on Work Group Recommendations
Relative to There Possible Inclusion into a Final MIFC Report

by Larry Zink, 4-20-03

Draft Streets, Highway, and Sidewalk Finance Recommendations, April 17th or 19th version – Finance Work Group

I am not sure which version of which document to refer to on this issue. The issue of the 15 years and 30 years goal for street rehab was initially discussed in the MIFC meeting on April 10th. From the minutes of that meeting, it was stated by Ms Gauger (page 3, 2nd paragraph) that as chair, "she believes that there was a general consensus from the committee that they agree with a policy recommendation on this issue." I then raised this issue in the Finance Work Group on 4-16 in an attempt to insert this point into the draft Finance Work Group report that was discussed that day. In the course of that discussion, the Finance Work Group indicated it was more comfortable with adding an increased dollar amount for the next two years, until the program of periodically assessing street conditions could be implemented. Because I was aware of the previous discussion and consensus in the MIFC meeting, I chose to not push this point further, figuring that it could be addressed in the MIFC. When Brad presented the draft Finance Work Group report to the MIFC on April 17th, the proposed 15 and 30 year goals were included in the text of the draft report (4th paragraph, page 2), so I did not pursue the issue further. Now, I see that these goals are no longer in the April 19th draft report. Now that we are in the mode of looking at specific Work Group reports to determine what we want in the final MIFC report (while we still are editing the Finance Work Group report) I would like to see in the final MIFC report these goals/objectives include both within the context of the general text and the specific recommendation of the "Maintaining the City's Existing Streets and Highways Infrastructure"

2nd paragraph, page 2
Spending on street repairs and maintenance has generally been increased to around $7 to $8 million per year. This allows older arterial streets to be resurfaced about every 30 to 35 years, while older residential streets are being resurfaced on a 40 to 50 year cycle. (*proposed revision April 17th version language)* The City should increase funding for street maintenance so that, if street conditions warrant, arterial streets ~~are~~ could be resurfaced on average about every 15 years, while residential streets ~~are~~ could be resurfaced on average about every 30 years.

4th paragraph, page 2
The Finance Work Group recommends the City adopt a well disciplined program of periodically assessing street conditions and of allocating sufficient funding to maintain adequate street conditions. The Finance Work Group also recommends that in developing this program of periodic assessments the City evaluate the merits and costs of enhanced resurfacing program goals of every 15 years for arterial streets and every 30 years for residential streets, and that while this street condition assessments program is being developed and implemented, the City increase the budget for street rehabilitation by $2.5 million in both FY 2003-04 and FY 2004-05. ~~The Finance Work Group also recommends that the City increased the budget for street maintenance by $2.5 million in both F.Y. 2003-2004 and F.Y. 2004-2005 while the street condition assessment program is being developed and implemented.~~

Question:
Where will increased funding come from for enhanced street rehabilitation? Do we need to include a discussion and/or recommendations on this?

2nd paragraph, page 6
I would like to add a sentence at the bottom of the Utilize Highway Allocation Bonds section that states in some manner the following thought. Because Highway Allocation Bonds obligate the "full faith and credit of the City" without requiring a vote of its citizens, they should not be used to issue bonding in amounts beyond that which could be prudently be expected to be retired by reliable revenue sources other than property taxes."

page 7
I would like to add third section under "Secondary Funding Approach", which would read something like the following:
Slow Phasing of Infrastructure Development to Match Available Financing. As noted by the Cost Savings and Efficiency Work Group, considerable cost savings/deferrals are possible by phasing in the infrastructure improvements called for in the Comprehensive Plan over a longer period of time. In the event that some of the additional fees and taxes outlined in these recommendations are not politically attainable, timely efforts should be made to involve the community in a process to amend the Comprehensive Plan such that it is more consistent with the resources available and yet continues to support reasonable growth needs.

Cost Savings and Efficiency Work Group Recommendations, March 18, 2003 version

Extend Time for Phasing of Projects. Page 1
Given the real possibility of voters or elected political leaders not endorsing some of the revenue increases we are proposing, I would like for the MIFC to be fairly clear about stating the alternative raised by the recommendation of the Cost Savings and Efficiency Work Group, "Cost savings could be achieved if the infrastructure improvements called for in the Plan are phased in over a longer period of time." Presenting this as a clearly outlined alternative will make it much easier for me to support the proposed financing recommendations outlined in draft by the Finance Work Group. This is in fact, my preferred alternative, but if it is clearly laid out as an alternative, I can support the other recommendations and let the voters or elected officials choose.

Page 2, Special Funding Districts and EO's vs. Special Assessment Districts
I feel the need for further discussion of these two recommendations. I need more clarity on what we are really saying here if we include these in the final MIFC report.

Page 4, Construction Inspection/Observation Program
Again, I am feeling a need for some more discussion about this recommendation, particularly item #3, "Provide inspectors/observers with greater authority than they have currently". Is there a need for concern about loosing the oversight and/or possible corruption if we decrease checks and balances. I don't know much about this at all and so would appreciate hearing the thoughts of others involved in this Work Group.

Page 4, Streamline Platting Process
It doesn't seem to me that this recommendation, as it stands, says much, or if it does, it seems very ambiguous and open to many interpretations. I would be inclined to not include it in the final MIFC report unless someone else can make the case to me.

Page 5, Signals
I would appreciate a little discussion of this item from those in the Work Group.

Other Items Not Directly Related to Work Group Reports

Overall Taxes and Fees Increases for Average Family.
I would like to have, and possibly include in the final MIFC report, an estimation of the overall increase in taxes and fees that the "average" family would experience if the revenue increases proposed in this report were enacted as proposed. This would include the GO bonds, wheel taxes (figure 2 cars), gas taxes, water and wastewater fee increases. Since we are dealing with a 12 year period, I would suggest looking at those increases at year 4, 8 and 12.

Inflation.
It seems to me that while it was convenient for us to not figure in inflation when we were playing with numbers during our earlier study period, we need to seriously address this issue in the MIFC final report. Inflation will happen on the costs side of the ledger without anyone needing to act. However, to adjust for in on the revenue side will require someone(s) to act, and frequently to act in a politically difficult manner. I believe we would be remiss as a committee if we do not address this reality.

Overall Proposed Funding Compromise
The one page sheet I handed out last Thursday in the MIFC meeting attempted to raise a number of issues and concerns that will be important to me as I consider whether I can support proposed recommendations that will result in very considerable increases in taxes and fees for low and moderate income folks living in existing neighborhoods. Some of those items are included in my comments about Work Group recommendations. I believe that many of the other points would most appropriately be included in the initial general sections of the MIFC report. To me they speak to the community compromises, overall balancing of needs, and building of trust that will be required if we are to move forward together to address the infrastructure financing gap we presently face.

- A clear statement in the MIFC that impact fees are a critical component of the community compromise reached to finance infrastructure development and that in event that impact fees are reversed by the courts, then they must be replaced by another mechanism to raise a similar proportion of the overall financing needed to support infrastructure development from the development sector and/or the direct benefiiciaries of new development or the recommends and the community compromises outlined in the MIFC report are null and void.
- The MIFC report should support and recommend that the current impact fee schedule be revised to clearly reflect that the impact fee structure should be subject to on-going adjustment for inflation, based on the construction cost index.
- Recommendation that water and wastewater impact fees should have further 12% annual increments after the end of the current impact fee increment schedule until they reach approximately 75% of the maximum allowable impact fee costs for this sector (approximately 7 years). This would likely eliminate the need for one three percent water and wastewater utility rate increase. This would then have impact fees by sector to be approximately 75% for streets, water, and wastewater and 100% for Parks. I believe that the larger community will feel that this is a reasonable compromise and will therefore be more likely to see this overall package as a balanced one and more likely to support it.
- A statement of policy should be included in the final MIFC report that if infrastructure financing gaps occur, then infrastructure funding allocations should roughly follow a priority of 1) existing city and neighborhood maintenance and rehabilitation, 2) projects of community-wide benefit, and 3) infrastructure needed to support growth.
- The MIFC report should call attention to the implications and public policy choices and costs related to attempting to provide infrastructure service to more land area for development than would be

reasonably expected to be occupied at our current density if we grow at the projected 1.5% growth rate.